

Quarterly Report

For the quarter ended 30 September 2022



Goulamina Lithium Project: Construction ramping up on budget and schedule

Corporate

- Recruitment of key executives and senior project personnel is almost complete
- Leo Lithium held cash at 30 September of A\$71.5 million and the Goulamina JV held cash of US\$125.5 million
- A\$9.8 million in engineering and design costs expected to be reimbursed by the Goulamina JV during the December quarter
- The US\$40 million debt facility agreement with Ganfeng was completed

Project Development and Site Works

- All development work continues to progress in line with schedule and budget
- Detailed plant design is substantially completed. Overall, engineering is 30% complete
- First major site contract has been let and bulk earthworks contractor about to mobilise
- Steady progress on procurement with many packages tendered
- The Danaya infill drilling program was completed and results are imminent
- Investigations underway on product logistics and Stage 2 expansion

Managing Director, Simon Hay commented:

"We are pleased to report that all activities are progressing on schedule and budget. Early project site works are progressing well and we also completed the Danaya Domain resource infill drilling program with first results due in November. On the corporate front, Leo Lithium added more high calibre team members to drive the Goulamina project forward, with the recruitment of key project members and executives now almost complete.

We continue to work in unison with our project partners the Government of Mali and Ganfeng. It was fantastic to host the Malian Minister for Mines, Energy and Water, His Excellency Lamine Seydou Traore, on his visit to Perth in August, and build upon our excellent working relationship. Next quarter will see the mobilisation of the EPCM team and first major contractor with earthworks starting in October."

This announcement has been approved for release to the ASX by the Board.

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FINANCE

Leo Lithium's closing cash at 30 September 2022 was A\$71.5 million. The quarter-on-quarter reduction in cash balance reflects the settlement of charges, related to prior quarters, paid to Firefinch following the demerger and ASX listing of Leo Lithium. Furthermore, at quarter end approximately A\$9.8 million relating to engineering and design costs incurred by Leo Lithium are receivable from the Goulamina Joint Venture (**Goulamina JV**) and expected to be reimbursed to the Company during the December quarter.

The major cash flow items during the quarter included:

- Cash Inflows:
 - JV Management Fees of A\$0.1 million.
- Cash Outflows:
 - Pre-IPO Leo Lithium costs of A\$8.3 million repaid to Firefinch. Of this, A\$5.7m relates to Goulamina development costs incurred in prior periods that will be recovered from the Goulamina JV in the December Quarter, the balance related to pre-IPO corporate charges and listing fees;
 - Goulamina JV development costs of A\$3.6 million, incurred by Leo Lithium on behalf of the JV that is expected to be recovered in the December Quarter;
 - Other corporate costs and working capital movements of A\$3.7 million; and
 - Annual insurance costs of A\$0.8 million.

As the Goulamina JV is not consolidated in Leo Lithium's financial statements, the cash impacts of the Goulamina JV are not included in Leo Lithium's cash flows or Appendix 5B (to be released separately), apart from any equity or loan funds provided by Leo Lithium to the Goulamina JV. The Goulamina JV arrangement is a 50:50 joint venture with Ganfeng and Leo Lithium accounts for the arrangement as an investment utilising the equity method as per the Accounting Standards.

The Goulamina JV's closing cash at 30 September 2022 was US\$125.5 million.

The Goulamina JV's major cash flow items during the quarter were:

- Cash Outflows:
 - Project development costs of US\$3.7 million

On 20 July 2022 Leo Lithium announced that Lithium du Mali SA (**LMSA**) and GFL International Co., Ltd (**GFL**), a wholly owned subsidiary of Jiangxi Ganfeng Lithium Co., Ltd have entered into a Facility Agreement for a US\$40M debt facility. LMSA is a wholly owned subsidiary of Mali Lithium BV (**MLBV**). MLBV is the Goulamina JV entity that is owned 50:50 by Leo Lithium and GFL.

Pursuant to ASX Listing Rule 5.3.4, the following expenditure has occurred since the listing of Leo Lithium on ASX.

Item	Current Quarter	Year to date	As Per IPO Prospectus dated 6 May 2022 ¹
Stage 1 Development capital costs for Goulamina Lithium Project	\$9.3 million	\$9.8 million	\$60 million
Transaction Costs associated with the offer, formation of the Goulamina Joint venture and the demerger	\$0.7 million	\$3.4 million	\$5 million
Repayment of amounts payable under the loan agreement	\$10.3 million	\$10.3 million	\$10 million
Working capital, exploration and other expenses	\$4.4 million	\$5.5 million	\$25 million

Table 1: Expenditure since listing. 1: expenditure is over a two-year period. Includes A\$9.8m expenditure that is expected to be recovered from the Goulamina JV during the December Quarter.

Payments of \$288,231 were made to related parties during the quarter, being the payment of the Managing Director's salary, in addition to Non-Executive Directors' fees as set out in Section 6 of the Quarterly Cashflow Report.

PEOPLE

Good progress has been made with the establishment of the senior management teams in Perth and Mali with seven of the eight positions filled.

Seydou Semega was internally promoted to General Manager - West Africa. Seydou will oversee the company's expanding footprint in West Africa, with responsibility for both building and optimising an extensive regional logistics network as well as managing government relations and other key stakeholder matters in Mali.

Rathy Brandes de Roos was appointed General Manager - Technical Services in August. Rathy is a mining engineer with 30 years' experience in open pit and underground mining across development and operating mines and multiple commodities. Rathy will build and lead the technical team to support the mining, commissioning, and ongoing operations of the Goulamina Lithium Project. Rathy's immediate priorities are to establish the mine services contract and develop operational frameworks for mining and processing.

Sebastian Kneer was appointed General Manager - Exploration and Geology in September. Sebastian will oversee the exploration, drilling and resource definition program for the Goulamina Lithium Project and lead the Company's exploration growth strategy. Sebastian has over 15 years' experience in mineral exploration, resource development and mining operations. Previously Sebastian was Exploration Manager at Galaxy Resources where he played a key role in large exploration and resource definition programs which resulted in a significant increase in the resource base at the Mt Cattlin lithium mine.

Joe Belladonna, Chief Financial Officer and Joint Company Secretary commenced with the company on 1 August.

Recruitment of a new Chairman as well as Chief Operating Officer is progressing well and these appointments are expected to be finalised in the coming weeks.

MALI

Major political developments occurred in the quarter with the Malian Government setting a timetable for democratic elections and the Economic Community of West African States (ECOWAS) responding with the lifting of the economic and financial sanctions on Mali, which had been in place since 9 January 2022. The government has initiated various reforms, related to the return of democracy, and the stabilisation of the centre and northern regions, for the restoration of State authority. The electoral process will occur throughout 2023 and conclude with Presidential elections in February 2024.

The Company continues to build on the excellent relationship it has with the Government of Mali, through regular interactions with ministers, regional leaders including the Governor of Bougouni, and other stakeholders. The Government of Mali has the right to a 10% free carry interest in the Goulamina Lithium Project through a prescribed process. Initial discussions have commenced, and this process remains at an early stage with no defined timetable.



Malian Minister of Mines, Energy and Water Lamine Traore and Managing Director Simon Hay visiting an Australian Spodumene mining operation



Celebration of the Independence Day at Bougouni, Mali
Left to right: Seydou Semega, Tom Blackwell, Fatima Cisse (HR Manager) Bolaji Okubajo (Project Manager), General Keba Sangare (Governor of Bougouni)



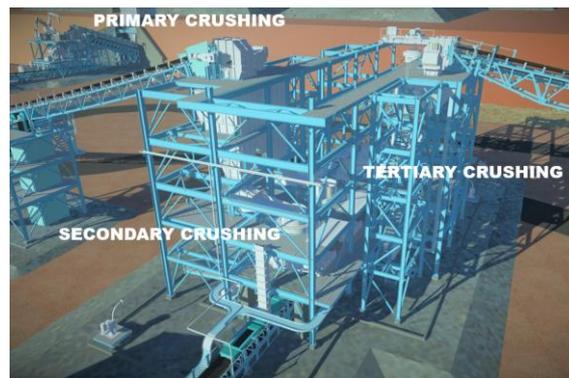
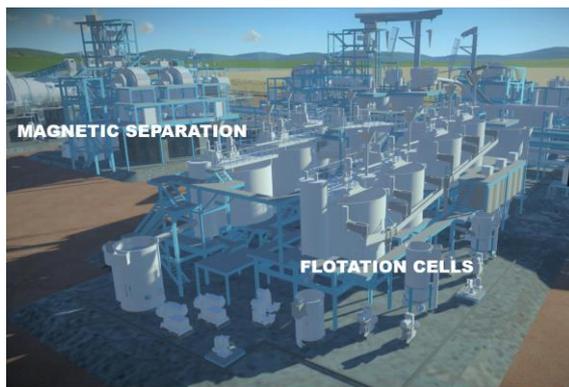
PROJECT DEVELOPMENT

Plant Design, Engineering and Drafting

Engineering and drafting continues in accordance with the baseline plan and progress was 30% complete at the end of the quarter.

Key engineering deliverables such as process and instrumentation diagrams have been reviewed with back drafting underway in preparation for a safety-in-design review (HAZOP) in October. Process control philosophy has been prepared and is under review, the mechanical equipment list has been updated and the electrical load list revised.

Detailed design has prioritised mechanical long lead items in the wet plant, to enable early procurement. Detailed design on the wet plant area has commenced.



Plant Design Schematics

Procurement and Contracts

During the period, a number of packages were prepared and approved to be issued for tender including steel supply, platework, fuel supply, belt filters, Project transport and logistics, operational readiness support and surveying services.

Tenders under review for imminent award include, the apron feeder, low intensity magnetic separators, flotation cells and the belt filters.

The following supply contracts have been awarded to vendors and are at various stages of manufacturing:

- Jaw crusher - primary
- Cone crushers - secondary and tertiary
- Vibrating grizzly
- Ball mill
- Magnetic separators - high intensity
- Thickeners
- Permanent accommodation units

In total, 43% of tender packages have been issued to vendors.



Contracts have been awarded for the bulk earthworks activities, involving the civil preparation of site for the plant and the construction of the tailings facility, and concrete. Both packages are expected to be approved to mobilise to site in Q4 and commence preliminary activities, that will include the employment of local resources from adjacent communities.

Permitting

The Environmental and Social Impact Assessment (ESIA) was approved as part of the Exploitation Permit in 2019 and has a validity period of 30 years. The ESIA is in the process of being updated to reflect minor changes to the Project as revealed during the detailed design phase. A sustainability consultant with extensive Malian experience has been engaged to determine the impacts of the design changes and submit a report to the regulators. The final assessment is due for submission at the end of 2022 and no material impacts have been identified to date.

Site Works

Site activities increased in the September quarter and included installation of the pioneer camp, continuation of the drilling program, completion of the initial site access road, commencement of fencing, installation of a water bore and installation of a communications tower.



Completion of site access road



Installation of initial accommodation units



First 40 accommodation units and civil works for future units



Site communications tower and control unit



Site medical facility and Project paramedic

Looking ahead, construction management staff will mobilise to site this month along with the bulk earthworks contractor and arrival of their equipment is imminent.

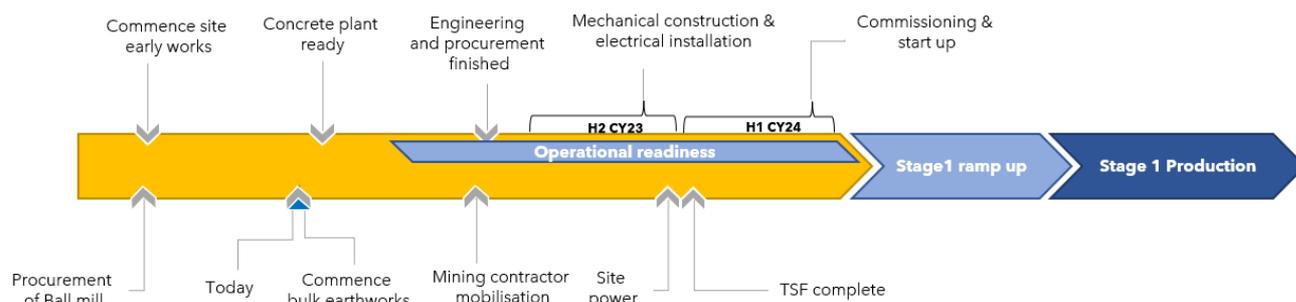
Concrete contract award has occurred and the focus is now on premobilisation planning. The establishment of the concrete batch plant is planned to commence in mid-November and take approximately four weeks. Work front availability is driven by the bulk earthworks package that is schedule to provide access to the process plant feed preparation area at the earliest late December.

Schedule

The project schedule continues to outline a 27-month construction and commissioning timeline, commencing in February 2022. The critical path runs through concreting, installation of the ball mill, supply and install of plant buildings and electrical services. The installation of the overland water piping package from Sélingué Dam is slightly behind plan after being impacted by lack of access for ground truthing, due to a longer wet season than normal.

All areas of the plant are planned to undergo mineral commissioning in Q2 2024 culminating in first product at the end of the quarter.

Production ramp up schedule will be further refined over the next six months and will be a key responsibility of the incoming Chief Operating Officer.



Project schedule overview

Accelerated Production Plan

Work is underway to develop an accelerated production plan. The Project team will target packages which will contribute to a compression of the project and ramp-up schedule to ensure that first production is achieved as early as possible in 2024.

Product Logistics

The initial focus on product transport logistics has centred on analysing the regional bulk haulage market in the preferred transport corridor from the Goulamina site to Abidjan, Côte d'Ivoire. During a site visit to Abidjan in August, management held discussions with a number of suppliers of warehousing, port operations, trucking, logistics management and resourcing. From these discussions a scope of work was issued to multiple groups to provide preliminary transport and logistics proposals. The proposals will be reviewed and short listed in the next quarter along with the engagement of a specialist resource to assist in this process.

The current operational concept is that multiple export routes will be utilised to provide optionality and risk mitigation benefits. A second port in Côte d'Ivoire as well as Dakar in Senegal are being considered at this early stage.



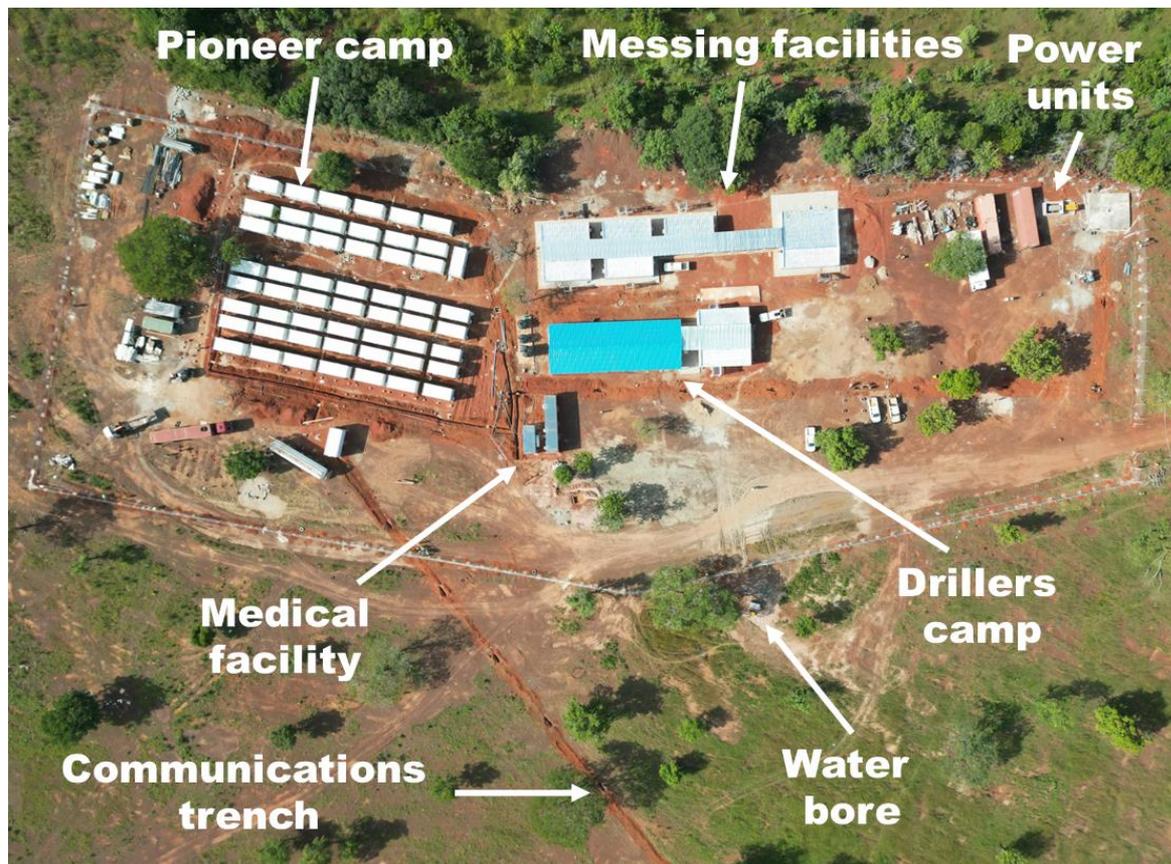
Goulamina Project Product transport and logistics routes under consideration

In parallel to this activity, management are well advanced in negotiations for port access and warehousing at one of the three ports under consideration. Should this be concluded satisfactorily, further details will be announced this quarter.

Project Outlook

Activities will continue to increase on site with awarding and mobilisation of contractors for the various construction and installation packages. Activities are either marginally ahead of, or in line with, schedule, at this initial stage of site works.

Committed costs at the end of September were US\$50.8 million (20%) of the budget US\$255.5 million (including contingency). A minor amount of the contingency fund has been drawn down with 85% remaining. The Project remains on budget, noting the early stage of the project, detailed design work is incomplete, site activities have yet to ramp up and the general inflationary environment we are operating within.



Goulamina Project site establishment facilities

Safety

The Project has no recordable incidents to date. With the increase in activities on site there has been a dedicated focus on safety and security

Additional independent risk, security, and medical reviews have commenced as part of a strategy to bring experts onboard to enhance our existing management plans. The EPCM contractor is mobilising safety professionals to site as part of their first contingent.

ENVIRONMENTAL, SOCIAL, GOVERNANCE

Small scale community support programs continue to be undertaken in the surrounding villages. This support forms part of the larger community assistance program being developed and implemented by the Company. The scoping for a comprehensive sustainability program has been drafted and consultants will be engaged in Q4 to further define and then commence developing the program.

OPERATIONAL ITEMS

The first major operational contract has been issued to the market being the mining services contract. As part of the competitive tendering process, shortlisted companies attended site in October for further discussions and clarifications. The review process concludes in late Q4 with award expected in Q1 2023.

Mine planning work has commenced with a focus on developing mine schedules for the first 5 years of production as well as optimising road, ramp and waste rock facility locations. Any restatement of Mineral Resources flowing from the current drilling program could lead to the review and updating of Ore Reserves and this would occur in H1 2023 at the earliest.

STAGE 2 EXPANSION

The company intends to expand Goulamina production in Stage 2 to approximately 800ktpa of spodumene production, after Stage 1 is fully operational. A scope of work for Stage 2 is being developed to outline the project concept for the early engagement of engineers.

DRILLING

The 2022 drilling program has three main objectives:

1. Sterilise drilling of the infrastructure location areas;
2. Increase the confidence of the Mineral Resources and convert a significant amount of Inferred material to the Indicated resource category; and
3. Extension drilling along strike and at depth at various parts of the deposit.

Danaya Domain

The Danaya Domain resource infill drilling program was completed. This included some deeper holes than previous drilling campaigns which, if successful, could yield additional inferred material. During the quarter, six reverse circulation (RC) drill holes and 5 diamond core tails were completed for a total of 2075 meters. Some assay results have been received and are under review. Results will be announced once all assays are received and reviewed and this is expected in November. A Mineral Resource update for Danaya is targeted for late 2022.

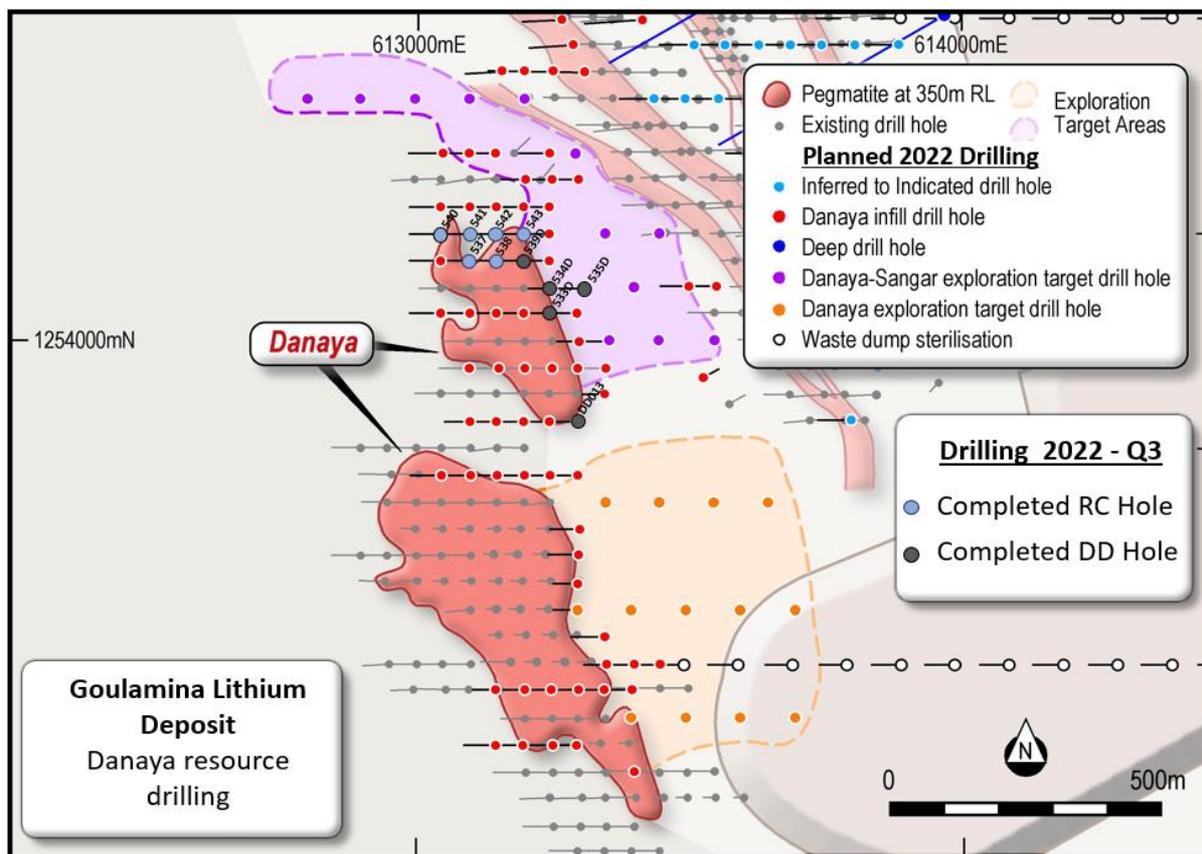


Figure 1: Danaya resource drilling campaign

NE Domain

In the reporting period, a total of 29 RC pre-collars were drilled for a total of 5698 meters, and 14 of those pre-collars were extended with diamond core tails. An additional 6 diamond core tails were drilled from existing RC pre-collars (drilled in the previous quarter). A total of 2308 metres of diamond core was drilled in the period. Drill core is currently being logged and processed on-site and will be submitted to the laboratory for assaying as soon as possible.

The Resource drilling program is ongoing with 1 RC rig and 2 diamond rigs and results are expected to be announced in H1 2023 after appropriate review.

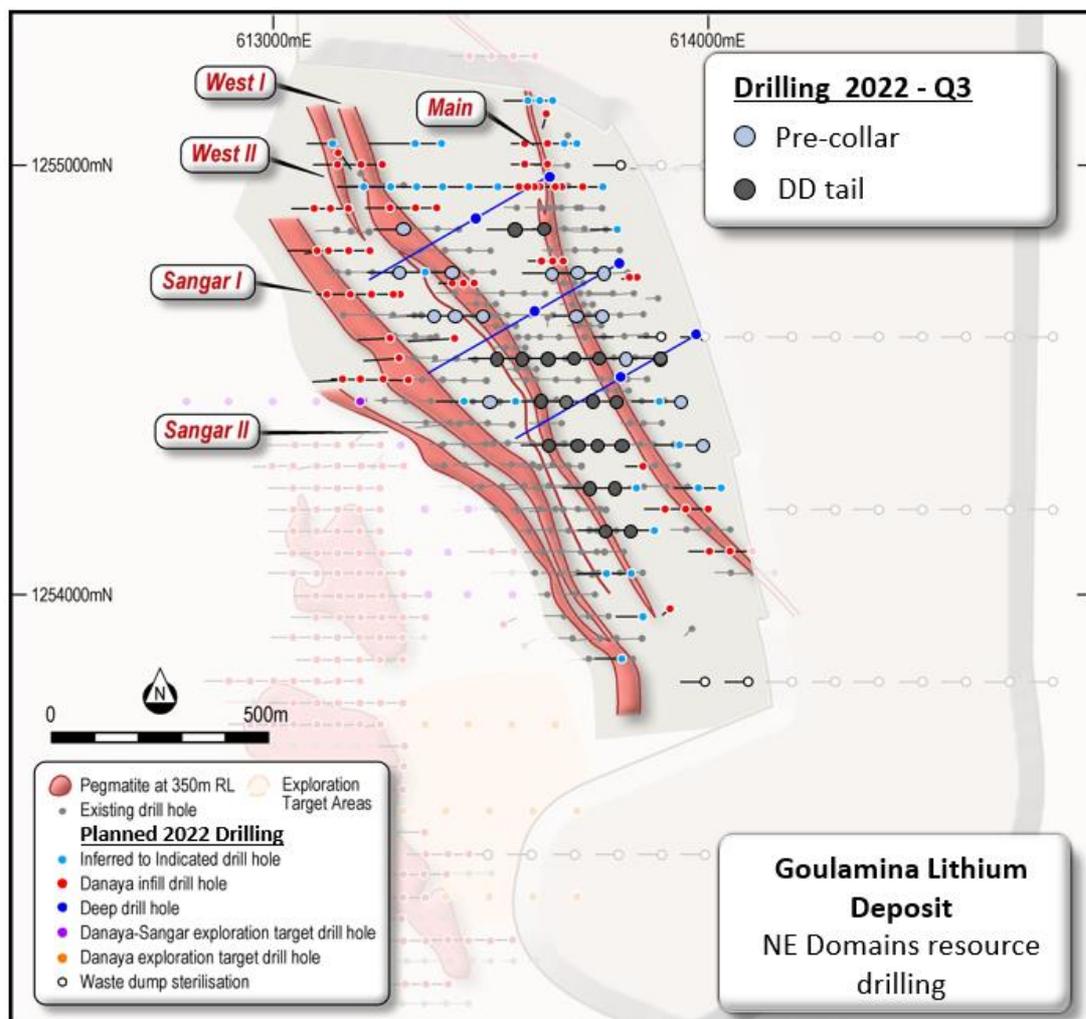


Figure 2: NE-Domain resource drilling

Drilling Outlook

Previously announced drilling, targeting exploration targets to the north and east of Danaya, and below the North Eastern domain is planned to follow the resource drilling. Additional sterilisation drilling, under future infrastructure areas, with potential to host mineralisation is also planned.

Tenements

Project	Tenement	Area (ha)	Status	Grant/Application Date	Expiry Date	Holder/Applicant
Goulamina	PE2040/19	10,067.8	Active	23/08/2019	22/08/2049	Lithium du Mali S.A

Table 3: Goulamina Project tenement information



Leo Lithium (ASX: LLL) is developing the world-class Goulamina Lithium Project (Goulamina) in Mali. Goulamina represents the next lithium project of significant scale to enter production. The hard rock lithium project will be the first of its kind in West Africa. Early stage development is underway and first production targeted for H1 2024.

Globally significant project: Forecast spodumene concentrate production of 506ktpa increasing up to 831ktpa under Stage 2 positions Goulamina amongst the world's largest spodumene projects.

Development underway and substantially funded: One of a limited number of lithium development projects globally which are substantially funded. Ganfeng have provided US\$130 million in equity funding and a US\$40 million debt facility.

Large scale, high grade orebody: World-class, high grade hard rock lithium deposit with a Mineral Resource of 109Mt at 1.45% Li₂O (3.9Mt LCE) and Ore Reserve of 52Mt at 1.51% Li₂O (1.9Mt LCE). Drilling is underway targeting increases to the current resources and reserves.

Quality product: High quality spodumene concentrate with test work validating 6% Li₂O with low impurities and having been successfully converted to battery grade lithium hydroxide.

World-class partner: Project being developed in 50/50 partnership with Ganfeng, the world's largest lithium chemical producer by production capacity, providing funding, offtake and operational support to de-risk development.

Decarbonisation thematic: Providing an essential raw material to the lithium-ion battery value chain for a clean energy future.

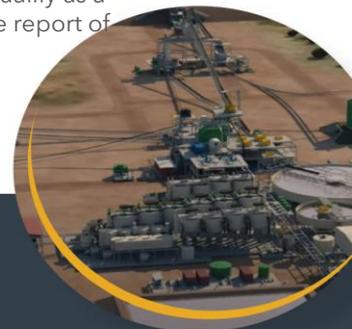
¹ Based on first 5 years of steady state Stage 2 production

Ore Reserves, Mineral Resources and Production Targets

The information in this announcement that relates to production targets, Mineral Resources and Ore Reserves is extracted from the Company's replacement prospectus dated 6 May 2022 (Prospectus) which is available at leolithium.com. The Company confirms that all material assumptions and technical parameters underpinning the production targets, Mineral Resource and Ore Reserve estimates in the Prospectus continue to apply and have not materially changed and it is not aware of any new information or data that materially affects the information included in the Prospectus.

Competent Persons Statement

The information in this announcement that relates to Exploration Results at Goulamina is based on information compiled by Mr Simon McCracken. Mr McCracken is an employee of Leo Lithium Limited and a member of the Australian Institute of Geoscientists. Mr McCracken has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr McCracken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Developing the world-class Goulamina Lithium Project; the next lithium project of significant scale to enter production

Goulamina is a large scale, high grade, high quality spodumene deposit. Stage 1 production of 506,000 tpa of spodumene concentrate is targeted for H1 2024.

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